

Property Overview

- Purchase Price: \$1,800,000
- Land Allocation: \$360,000 (20% of purchase price, non-depreciable)
- Depreciable Basis: \$1,440,000 (Building & Improvements)
- Bonus Depreciation in 2024: 60% (per Tax Cuts and Jobs Act phase-out)

Depreciation Breakdown via Cost Segregation

Asset Category	% of Depreciable Basis	Amount Allocated	Depreciation Schedule
Building Structure	65%	\$936,000	39 Years
5-Year Property (Lighting, Signage, Electrical, etc.)	15%	\$216,000	5 Years
15-Year Property (Land Improvements - Parking, Paving, Fencing, Landscaping, etc.)	15%	\$216,000	15 Years
Other Miscellaneous Items	5%	\$72,000	7 Years

Accelerated Depreciation (Including Bonus in 2024)

Since bonus depreciation in 2024 is 60%, the retail strip center benefits from significant upfront deductions.

Category	Amount	Bonus Depreciation (60%)	1st Year MACRS Deduction	Total 1st Year Deduction
5-Year Property	\$216,000	\$129,600	\$21,600	\$151,200
15-Year Property	\$216,000	\$129,600	\$7,200	\$136,800
7-Year Property	\$72,000	\$43,200	\$2,571	\$45,771
39-Year Building	\$936,000	N/A	\$24,000	\$24,000
Total First-Year Depreciation (2024)				\$357,771

Key Tax Benefits for Retail Strip Center Owners

1. Large First-Year Write-Off → Estimated \$357,771 depreciation deduction in 2024.
2. Bonus Depreciation Phase-Out → In 2025, bonus depreciation drops to 40%, making 2024 a strong year for tax benefits.
3. Accelerated Depreciation on Improvements → Land improvements (parking, paving, etc.) are written off over 15 years instead of 39 years.
4. Improved Cash Flow → Depreciation deductions help reduce taxable income, increasing available cash.